Central Communications Credit Union

17811 E. U.S. HIGHWAY 40
INDEPENDENCE, MO 64055
816-842-0727
1-800-254-1535
FAX 816-472-4912

March 8, 2010

Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Members of the Board,

As President/CEO of Central Communications Credit Union (CCCU),I am commenting on the proposed revisions to Part 704. My comments reflect over 26 years of credit union experience.

As written, the revisions are unrealistic and make the assumption that consolidation of the Corporate Credit Unions will create economies of scale and improve efficiencies which have not proven to occur in past corporate mergers. We need only look to the fact that the two biggest corporate credit unions are the ones in conservatorship and of the remaining corporate credit unions - the largest are in the worst conditions.

We have discussed the proposed regulation with our Missouri Corporate Credit Union (MCCU) and they have told us that the model outlined in the proposed regulation make spread assumptions that have never been earned at our corporate. The investments used in the model are flawed. Assuming a 200 basis point spread as is outlined in the private student loans is not realistic with current spread of maybe 30 basis points. The assumption of 30% in overnight investments does not match MCCU mix over the past few years. At Central Communications, our overnight balance is often influenced by where the yield curve is and where we expect loan demand to be in the next 6 months.

In order for Missouri Corporate or the surviving Corporate to continue in business, they will be looking at the natural person credit unions to re-capitalize them through the purchase of paid in capital or additional membership shares. Given the problems with the proposed 704 regulations, I cannot recommend to my Board of Directors, nor will they support any additional investment in the Corporate Credit Union Network unless NCUA revised the regulation in a manner that is realistic and reasonable.

Small and medium size credit unions like CCCU need a state or regional corporate for a number of critical services. First, we need the settlement services that allow all of our daily cash flows through one account at one place. Second, we need a service that invests any excess funds at a competitive rate which has been the case at MCCU until about 15 months ago. Next, and even more important we must have a reliable line of credit we can draw on should we underestimate settlement, loan demand or member withdrawals on any given day. We cannot obtain these elsewhere without much greater expense and potentially opening up our books and business plan to the local or regional banker who we are competing with for business. Finally, the smaller credit unions need a place that until recently was safe to invest their excess funds with an organization that is looking out for their best interest. Without a term viable investment option these credit unions will be taken advantage of by the broker/dealer community and ultimately NCUA will face more losses due to poor investment decisions by the small credit unions. Of these issues, the line of credit is the most important to CCCU as we feel we cannot obtain this from one single bank in today's environment and, if so, we would pay dearly for this. Without a line of credit, we will be forced to change our business and face a serious problem should we see a heavy draw on deposits in a short period of time.

Having reviewed the proposed 704 regulations, I question whether it will allow a corporate to earn enough net income to comply with the requirements. Would the proposed regulation have prevented the losses had it been in place prior to 2007? We question the term limits as it takes quite a while to understand how a corporate credit union operates. We believe that a term limit of 9 years would better serve us. Further, limiting it to CEOs, CFOs and COOs would make sense if you could show where this was a factor in the failure of US Central or Wescor, in which this was not the case. So long as someone is qualified, their title is not relevant and most of the Boards of these failed corporate CU's were in fact the CEOs.

In Missouri, we need a strong corporate credit union to support the small and medium credit unions on a daily basis. We appreciate the fact that they are close to us and work with us on a daily basis. We believe that the local control, easy access to the decision makers and the personal service we receive are critical to our survival as much as it is to Missouri Corporate Credit Union. We also think that consolidation of corporate will lead to a focus on large credit unions when we all, including NCUA need to be focusing on helping the small credit unions survive or we won't have a credit union movement to serve in or regulate much longer.

I would ask you to give serious consideration to the points outlined above and want to thank you for the opportunity to comment on these critical issues facing the credit union movement.

Sincerely,

Philip M. Weber

Philip M. Weber
President/CEO
Central Communications Credit Union